

26 May 2015

**CMP:** Rs. 7.0

**Industry:** Iron & steel products

**BSE group:** B

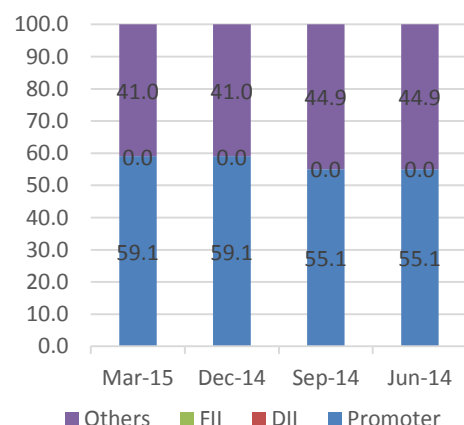
**Promoters**

Kamlesh Kumar Rathi and family

**Key Data (as on 26-May -15)**

BSE	532918
ISIN	INE575I01016
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	114.3
Current P/E	4.3
Current P/BV	0.2
52 week low-high	4.35-10.5
30 days avg daily trading volume	3336.6
Equity capital (Rs mn)	163.3
Net worth (Rs mn)	737.7

**Shareholding Pattern (%)**



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**Company business**

Rathi Bars Ltd (RBL) manufactures ingots and thermo-mechanically treated (TMT) bars in its plant located in RIICO Industrial Area at Bhiwadi in Alwar (Rajasthan). The company sells these products in the Northern Indian market. It markets all its products excluding TMT bars under the brand Rathi and Rathi Thermex. Its TMT bars have diameter ranging from 7 mm to 32 mm and are marketed under the brand 'Rathi Shaktiman Steel'.

**Updates**

The domestic TMT manufacturers have competition from Chinese imports. China offers a 13% export rebate on alloy bar export. Even after paying an import duty of 5%, the Chinese alloy bars are cheaper in India. The reason for increase in iron ore price on account of ban on mining in key iron ore producing states in India including, Karnataka, Goa and Odisha, has resulted an increase in cost of the TMT bars produced in India.

**Financials**

Particulars (Rs in mn)	Jan '15 to Mar '15	Jan '14 to Mar '14	% Change <sup>1</sup>	Oct '14 to Dec '14	% Change <sup>2</sup>
Total income	554.8	728.2	(23.8%)	631.39	(12.1%)
Total operating expenditure	517.3	703.2	(26.4%)	611.7	(15.4%)
EBIDTA	37.5	25.0	50.1%	19.7	90.4%
EBIDTA margin	6.8%	3.4%	97.0%	3.1%	116.6%
PBT	13.5	7.6	78.2%	4.6	196.9%
PAT	13.5	7.6	78.2%	4.6	196.9%
PAT margin	2.4%	1.0%	133.8%	0.7%	237.9%
Cash accruals	28.5	13.2	115.9%	4.6	525.0%
EPS	0.8	0.5	80.4%	0.3	196.4%

<sup>1</sup> compared to corresponding quarter in the previous year

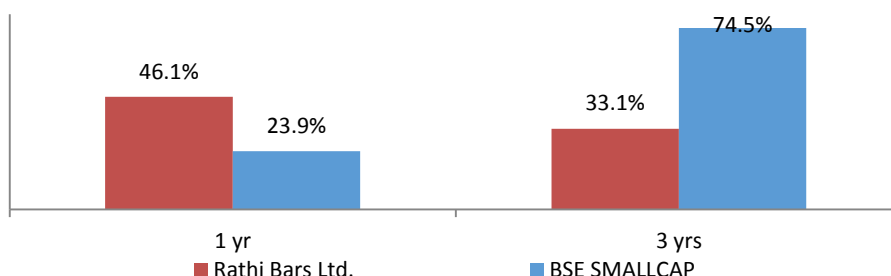
<sup>2</sup> sequential comparisons

Source: Moneycontrol, Company

**Financial Performance**

In the QE Mar 15, the total income of the company decreased by 23.8.0% over the corresponding quarter last year to Rs. 554.8 mn. PAT however increased by 78.2% over the same period to Rs. 13.5 mn. RBL's margins are susceptible to volatility in steel prices, vulnerability to cyclical in the highly fragmented steel industry, and slowdown in offtake by the end-user industry.

**Share Price Performance**



**Financials**

<b>P&amp;L</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>
Total income	3,127.4	3,155.2	2739.1
EBIDTA	79.7	89.4	103.8
EBIDTA margin (%)	2.5	2.8	3.8
Depreciation	20.5	21.9	26.2
EBIT	59.2	67.5	77.6
Interest	28.3	35.4	44.6
PBT	30.9	32.1	33.0
Tax	1.3	10.7	8.6
PAT	29.6	21.4	24.4
PAT margin (%)	0.9	0.7	0.9
Dividend	-	-	-
Dividend Payout (%)	-	-	-

<b>Balance Sheet</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>
Share Capital	163.3	163.3	163.3
Share Application Money	-	-	-
Reserves & Surplus	528.5	549.9	574.3
<b>Shareholders' Funds</b>	<b>691.8</b>	<b>713.2</b>	<b>737.6</b>
Borrowings	250.8	324.0	337.0
Net deferred tax liability	37.4	38.4	42.2
Current Liabilities	230.9	234.2	268.2
<b>Total Liabilities</b>	<b>1,210.9</b>	<b>1,309.8</b>	<b>1,385.0</b>
Net fixed assets	325.4	341.7	359.0
Investments	91.3	158.1	232.9
Loans and Advances	154.9	160.8	159.6
Current Assets	639.3	649.2	633.5
<b>Total Assets</b>	<b>1,210.9</b>	<b>1,309.8</b>	<b>1,385.0</b>

<b>Cash Flow</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>
PBT	30.9	32.1	33.0
CF from Operation	(80.7)	65.7	140.1
CF from Investment	70.0	(100.5)	(96.3)
CF from Financing	1.5	37.6	(54.6)
Inc/(dec) Cash	(9.2)	2.8	(10.8)
<b>Closing Balance</b>	<b>16.5</b>	<b>19.3</b>	<b>8.5</b>

Source: CMIE Prowess

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